



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 19, 2001

Robert Thomas
Rancho Equipment Services, Inc.
5626 North 3000 West
Delta, Utah 84624

Re: Replacement Surety Bond, Rancho Equipment Services, Inc., Topaz Valley Limestone,
M/023/022, Juab County, Utah

Dear Mr. Thomas:

On July 11, 2001, we received a replacement surety bond from Meadow Valley Contractors. The bond # 24006342 in the amount of \$11,800.00 was issued by Liberty Mutual Insurance Company for Rancho Equipment's Topaz Valley Limestone Quarry. The bond will replace the existing surety bond #19-75-94 issued by the Insurance Company of the State of Pennsylvania.

The surety bond is written on an old surety bond form which shows our old address when we were located at the Triad Center (page 1) and also shows the Board Chairman's signature on page 3, which has also been changed to only require the Division Director's signature. We can replace pages 1 and 3 if you and the surety company are in agreement and concur, or you can resubmit the surety bond on the current forms (copy enclosed). Changing these two pages would not affect page 2, where the principal and surety company signed the bond.

Because the surety bond is tied directly to the Reclamation Contract (Form MR-RC), we will need a new Reclamation Contract as well, which reflects the new surety company. We have taken the liberty of partially completing a replacement Reclamation Contract for your use. Please check over the contract for accuracy, then have Kenneth Nelson, Meadow Valley Contractors, sign page 5 and Rancho Equipment sign page 6, then return the signed Reclamation Contract to us for further processing. Because the existing surety bond is going to be canceled on August 15, 2001, time is of the essence.

If you have any questions regarding this letter or the forms, please contact me at (801) 538-5286 or Joelle Burns at 538-5291. Thank you for your prompt assistance.

Sincerely,

D. Wayne Hedberg

Permit Supervisor

Minerals Regulatory Program

jb

Enclosures: Partially completed RC, blank form MR-6
M23-22-surety.doc

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
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1594 West North Temple Suite 1210
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Fax: (801) 359-3940

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/023/022
(Mineral Mined) Limestone

"MINE LOCATION":
(Name of Mine) Topaz Valley Limestone Quarry
(Description) Approx. 40 miles northwest of
Delta, Utah. Mine located in
Juab County, Utah

"DISTURBED AREA":
(Disturbed Acres) 15.8
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Meadow Valley Contractors, Inc.
(Address and Phone) 4411 South 40th Street Suite D11
P.O. Box 60726
Phoenix, Arizona 50082
(602) 437-5400

and

Rancho Equipment Services
5626 North 3000 West
Delta, Utah 84624-7050
(435) 864-3971

"OPERATOR'S REGISTERED AGENT":

(Name)

Ron Day (Rancho Equipment Services)

(Address)

5626 North 3000 West

Delta, Utah 84624-7050

(Phone)

(435) 864-3971

"OPERATOR'S OFFICER(S)":

Brad Larson - President (Meadow Valley)

Kenneth D. Nelson - Vice President

Nicole Smith - Secretary/Treasurer

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Liberty Mutual Insurance Company

"SURETY AMOUNT":

(Escalated Dollars)

\$11,800

"ESCALATION YEAR":

2003

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Meadow Valley Contractors, Inc. and Rancho Equipment Services the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/023/022 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated April 30, 1991, and the original Reclamation Plan dated November 18, 1991. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Meadow Valley Contractors, Inc.
Operator Name

By Kenneth D. Nelson, Vice President
Authorized Officer (Typed or Printed)

Authorized Officer - Position

Officer's Signature

Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the ____ day of _____, 20 ____, Kenneth D. Nelson
personally appeared before me, who being by me duly sworn did say that he/she is the
Vice President of Meadow Valley Contractors, Inc. and duly
acknowledged that said instrument was signed on behalf of said company by authority
of its bylaws or a resolution of its board of directors and said Kenneth D. Nelson
duly acknowledged to me that said company executed the same.

Notary Public
Residing at _____

My Commission Expires:

OPERATOR:

Rancho Equipment Services
Operator Name

By Robert B. Thomas, Vice President
Authorized Officer (Typed or Printed)

Authorized Officer - Position

Officer's Signature

Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the ____ day of _____, 20 ____, Robert B. Thomas
personally appeared before me, who being by me duly sworn did say that he/she is the
Vice President of Rancho Equipment Services and duly
acknowledged that said instrument was signed on behalf of said company by authority
of its bylaws or a resolution of its board of directors and said Robert B. Thomas
duly acknowledged to me that said company executed the same.

Notary Public
Residing at _____

My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By _____
Lowell P. Braxton, Director

_____ Date

STATE OF _____)
COUNTY OF _____) ss:

On the ____ day of _____, 20 __, _____
personally appeared before me, who being duly sworn did say that he/she, the said _____
_____ is the Director of the Division of Oil, Gas and
Mining, Department of Natural Resources, State of Utah, and he/she duly acknowl-
edged to me that he/she executed the foregoing document by authority of law on behalf
of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

ATTACHMENT "A"

Meadow Valley Contractors, Inc and Rancho Equipment Services
Operator

Topaz Valley Limestone Quarry M/023/022
Mine Name Permit Number

Juab County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed is:

SE1/4 - SW1/4 and SW1/4 - SE1/4 of Section 21

Township 13 South, Range 11 West

SLBM, Juab County, Utah